(xiv) National Institute for Fashion Technology (NIFT), its six branches and Apparel Training & Design Centres (ATDCs) are running various courses/programmes to meet skilled manpower requirements of textile industry especially apparel in the field of design, merchandising and marketing;

(xv) Facilities by way of eco-testing laboratories have been created to enable exporters to get the garments/textiles pre-tested for conforming to the requirements of importing countries;

(xvi) 100% Foreign Direct Investment permitted through automatic route in the textile sector with certain exceptions; and

(xvii) Refund of taxes and duties on exports through drawback route.

Implementation of the recommendations of N.K. Singh and Sathyam Committees

†884. SHRI RAVI SHANKAR PRASAD: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that N.K. Singh Committee and Sathyam Committee were constituted for obtaining suggestions for the development and expansion of the textile industry during the last few years;

(b) if so, whether the Government have received the Reports of both the Committees;

(c) if so, the main suggestions of both the Committees separately; and

(d) the suggestions which have been identified by the Government for implementation?

THE MINISTER OF TEXTILES (SHRI SHANKARSINH VAGHELA): (a) and (b) Yes, Sir.

(c) and (d) **N.K. Singh Report**: The main recommendations of Steering Group on Investment and Growth headed by Shri N.K. Singh are as under:

i. Continuation of excise exemptions to the genuinely disadvantaged sectors.

ii. SSI Excise Exemption Scheme/CENVAT exemption be given to:

(a) Fabrics woven on handlooms and processing of handloom fabrics by totally hand processing units be exempted from CENVAT.

†Original notice of the question was received in Hindi.

(b) The hand processors (working totally without the aid of power) be given Small Scale Industries exemption upto a turnover of Rs. 50 lakh. They should be registered as SSI units.

(c) Silk yarn spun from silk waste and manufactured without the aid of power be exempted from CENVAT.

(d) Yarn of carded wool and combed wool manufactured without the aid of power be exempted from CENVAT.

(e) Fabrics woven on handlooms, and certified as 'Khadi' by Khadi and Village Industries Commission and processed with or without the aid of power be exempted from CENVAT.

(f) CENVAT credit on deemed basis should be abolished and a single system of CENVAT credit based on document be implemented.

(g) 8% merit rate of CENVAT for the textile sector starting at yarn stage for a period of 3 years.

(h) CENVAT on polyster-cotton and viscose-cotton blended yarns be brought at par.

(i) CENVAT on PFY, POY and PTY be reduced from 32% to 16% preferably in one or maximum two phases.

(j) CENVAT on all man-made/synthetic fibres be retained at 16%.

(k) No positive credit would be admissible at yarn or fabric stage. CENVAT credit be capped at the level of actual CENVAT incidence.

(l) CENVAT exemption be extended to necessary weaving preparatory machineries.

(m) Whether CVD exemption has been given on import of machinery, the domestic production of such machinery should also be exempted from CENVAT.

(n) 31 critical machinery items of garment sector be exempted from CVD and also from CENVAT. Customs duty on 7 machinery items of the garment sector be reduced from 25% to 5% and exemption from CVD and CENVAT be given.

iii. Customs duty be reduced from 25% to 5% on capital goods of man-made/synthetic fibre/yarn industry.

iv. Cutsom duty on apparel grade wool and flax fibre be reduced from 15% to 5%.

v. Exemption from SAD on import of Rayon Grade Wood Pulp.

vi. Reduction in custom duty on intermediates of synthetic fibres and yarns (DMT/PTA/MEG/Caprolactum) from 20% to 15%.

vii. Duty free import of speciality filament yarns which are not being manufactured indigenously.

viii. Machinery (including the ancillary facilities) required for manufacture of synthetic/man-made yarns onwards (including filament yarn) be allowed for benefits under TUFS.

ix. A new scheme be launched enabling small scale units especially in weaving sector to access funds from any source, including sources other than banks, by giving them a direct capital incentive.

x. Recognising the comfortable foreign exchange position, FEMA may be amended suitably so as to permit authorised dealers to issue foreign loan guarantees favouring overseas lenders even if such overseas funds are used for purchase of indigenous machineries by the domestic textile sector for implementation of projects under TUF scheme.

xi. Creation of a Textile Industry Reconstruction Fund (TIRF) with an initial corpus of Rs. 3000-4000 crore for financial restructuring of viable and potentially viable units. The selection of units would be based on strict eligibility criteria.

xii. Government, financial institutions, participating industry and international lending agencies *e.g.* Asian Development Bank/World Bank, etc. to contribute in creation of Fund.

The Government has undertaken substantial fiscal duty restructuring in the textile sector keeping in view the recommendations of the N.K. Singh Committee in last three years to encourage significant inflow of investment of the textile sector resulting in the increased growth of the textile sector. In the Budget 2003-04 the CENVAT chain was extended to the entire textile industry by withdrawing the duty exemption given to grey fabrics. In the Budget 2004-05, the CENVAT scheme for textiles has been made optional and there will be mandatory duty only on man-made fibres/yarns. The other textile goods would be fully exempted, if no credit of duties is taken under the CENVAT Credit Rules. For those opting to pay the duty and thereby avail of duty credit, the applicable rates of duty will be 4% for cotton textile items (*i.e.*, yarns, fabrics, garments

and made-ups), and 8% for other textile items including yarn, fabrics, garments, and made-ups. Additional Duty of Excise on Textiles and Textiles Articles (AT&T) on man-made fibres and all types of yarns, as well as Additional Excise Duty (AED) on fabrics have been abolished. Besides, a package for modernization of the powerloom industry with credit linked capital subsidy and debt restructuring of organized textile mills has been implemented.

Sathyam Committee Report: The main recommendations of the Sathyam Committee are:

i. To improve the productivity and quality of Cotton Technology Mission may be launched.

ii. To improve the economic viability of spinnign mills, Hank Yarn Obligation scheme should be done away with.

iii. Relaxation in TUFS norms like enhancing the vintages second hand shuttle-less loom, co-option of co-operative banks.

iv. NTC mills and STC mills: The mills which are potentially viable should be revived by the Government and remaining mills may be closed down with a provision for terminal payment benefit to the workers through sale of land assets.

v. Powerloom sector: The Committee suggested upgradation of the technology of powerloom units, upgradation of PSC laboratories, establishment of computer aided design facility, launching of welfare measures for powerloom workers.

vi. De-reservation of hosiery and knitting and ready made garment from small scale industries reservation.

vii. Apparel Parks for exports and Textile Park.

viii. Fiscal policy should be so oriented so as to make available the inputs and capital goods to garment makers and exporters at reasonable costs.

ix. The Technical Textiles may be treated as a 'thrust' area and priority may be accorded for their growth.

x. Essential Commodities Act: The Committee suggested that textile industry should be free from all controls and restrictions, except some regulations which are absolutely essential.

xi. A cluster approach to production of carpets needs to be encouraged to have input processing and carpet weaving within the same cluster to boost exports of quality carpets.

xii. Carpet looms shall be modernized to ensure increased productivity. The Government must provide financial support to the NPC to design and develop steel looms in different sizes.

xiii. Improvement of infrastructural facilities, especially in the Bhadohi-Mirzapur carpet belt, must be given top priority and adequate funds for the purpose need to be provided.

xiv. The carpet industry shall promote eco-friendly carpets.

xv. The Government may entrust NPC with a project and provide financial support for developing an appropriate process for washing carpets.

Based on the various recommendations submitted by the Expert Committee constituted under the Chairmanship of Shri S.R. Sathyam, the Government had formulated National Textile Policy, which was announced in November, 2000.

Subsidy on technological upgradation of small powerlooms

†885. SHRI MOTILAL VORA: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that Government are considering for providing subsidy on technological upgradation of small powerlooms;

(b) if so, the details thereof;

(c) the number of powerlooms in the country at present, State-wise; and

(d) the quantum of cloth produced on powerlooms each year?

THE MINISTER OF TEXTILES (SHRI SHANKARSINH VAGHELA): (a) and (b) Government has provided, *w.e.f.* 6th November, 2003, by way of enlargement of Technology Upgradation Fund Scheme, a credit linked capital subsidy @ 20 per cent to small scale powerloom units for the benchmarked technology—weaving machinery costing upto Rs. 60 lakhs. In view of this no other scheme is being considered by the Government to provide subsidy for technological upgradation of small powerlooms.

†Original notice of the question was received in Hindi.